

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3476 – SB 3386

April 30, 2010

**SUMMARY OF AMENDMENT (018090):** Deletes all language following the enacting clause. Requires any proceedings held to impose contractual sanctions against an entity licensed by a department or division of the state be conducted following the Uniform Administrative Procedures Act. Prohibits the requirement of any licensed entity to waive or forfeit due process rights when entering into a contract with the department of the state under which the entity is licensed.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Exceeds \$541,800

Decrease Federal Expenditures – Exceeds \$500,000

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Unchanged from the original fiscal note.**

Assumptions applied to amendment:

- According to the Department of Commerce and Insurance (C & I), the Peace Officers Standards and Training (POST) Commission would need to hire Administrative Law Judges (ALJ) for their hearings related to decertification of officers.
- According to C & I, there are approximately nine decertification hearings per year which will result in the need to hire an ALJ at a cost of \$200 per hearing. The result is a recurring increase in state expenditures of \$1,800 (\$200 x 9 hearings).
- According to the Department of Human Services (DHS), there will be approximately 200 hearings per year for their licensed child care centers which would require an ALJ at a cost of \$200 per hearing. The recurring increase in state expenditures is estimated to be \$40,000 for hearing costs.
- According to DHS, after investigations of allegations and during the time a case is pending hearing the Department would be required to continue to pay the contractor the amounts designated in the contract. Upon conclusion of the hearing the state would be liable to the federal government for the amounts paid, should the contractor be unable to make restitution if convicted. The federal government would reduce the state's allocation in an amount equal to the amount owed.

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- Based on historical data, DHS estimates the loss in federally allocated monies could be equal to or exceed \$500,000 per year. The resulting decrease in federal expenditures and subsequent increase in state expenditures is estimated to exceed \$500,000.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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